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REVENUE SCENARIOS

Dwight reported that from the request at the last meeting, two revenue scenarios were developed. The goal of the scenarios was to increase transportation revenue to meet the predicted annual $203 million shortfall and maintain the purchasing power for the next 30 years. Changes in law, authority, etc., were not addressed. He noted that on page 92 of the Forum's Report additional information would be added about these scenarios.

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Two scenarios were developed for Forum discussion. The goal of the scenarios was to increase transportation revenue to meet the predicted annual $203 million shortfall and maintain the purchasing power for the next 30 years by using the following assumptions.

ASSUMPTIONS:

1. All revenue increases (fuel and registration) will be distributed to the Highway Distribution Account and be shared using current law and present definition.
2. All revenue from a rental car tax will go to the Highway Distribution Account.
3. Any additional funding received from eliminating or replacing the ethanol exemptions or tax incentives will go to the Highway Distribution Account.
4. Impact fees will be collected by the jurisdiction of origin and shared by all transportation jurisdictions (state and local) that are impacted by the development.
5. Local option tax will be available for public transportation funding initiatives.
6. Increased title and driver's license fees will be shared using current law.
7. To achieve the estimated revenue in each scenario, 1% growth was used for fuel consumption, and 2% growth was used for registrations and driver's license.

Dwight pointed out that the Scenarios used the listed assumptions:

A question was asked if these scenarios were based on the 50%-50% split that was used in the past for new revenue or was some other percentage used. Dwight stated that the current law uses a 57%-38%-5% split, and was used for these Scenarios.

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SCENARIO I

New Revenue -- All at Once
to achieve $203 million/per year estimated capital improvement shortfall

Item	Revenue to	Action required	Unit increase	Effective date	Total
1.	H.D.A	Raise ALL fuel taxes	12¢ per gallon	July 1, 2006	$100,847,000
2.	H.D.A	Raise ALL registrations	45%	July 1, 2006	$ 40,024,000
3.	H.D.A	Raise title & driver's license fees	45%	July 1, 2006	$ 2,927,070
4.	H.D.A	Index 1, 2, and 3 above to the National Construction Cost Index (NCCI)	+/- 3% per year	July 1, 2007	Maintain purchasing power ($9,193,215 per year)
5.	H.D.A	Eliminate or replace the Ethanol exemption		July 1, 2008	$ 825,000
6.	Local/State approx. 80/20	Local Jurisdictions assess Impact Fees to be shared by all transportation jurisdictions (state and local) (statutory authority needed)		July 1, 2008	$34,000,000
7.	Local/ County/ Region	Local governments assess local Sales Tax for Public Transportation with voter approval (statutory authority needed)	0.25%	Within next 5 years	$45,983,375
8.	Corridor/ Right of Way	Impose an Excise Tax on Rental Cars designated for Corridor/Right of Way preservation	2.5%	July 1, 2008	$1,000,000
Item 1-8 Total Revenue per year in 2008					$225,606,000

H.D.A.--Highway Distribution Account

Scenario I illustrates an "all at once" revenue generation. All increases included in 1, 2, and 3 would be implemented in the first year, and then indexed to the National Construction Cost Index (NCCI) for each year following. The elimination or replacement of the ethanol exemption and the rental car tax would become effective July 1, 2008. Impact fees would be used statewide. Local option tax would be available to all local jurisdictions upon voter approval. Dwight pointed out that not all jurisdictions would use all of the proposed revenue opportunities, so the total is probably high.

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SCENARIO 1

All increases included in 1, 2, and 3 will be implemented in the first year, and then indexed to the National Construction Cost Index (NCCI) for each year following.

The elimination or replacement of the ethanol exemption and the rental car tax will become effective July 1, 2008.

Impact fees will be used statewide.

Local option tax will be available to all local jurisdictions upon voter approval.

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SCENARIO II

New Revenue – 5 Year Phase In
to achieve $203 million/per year estimated capital improvement shortfall

Item	Action required	Unit increase	Effective date	Total Year 1	Total Year 5
1.	Local governments assess local Sales Tax for Public Transportation with voter approval	0.25%	July 1, 2006	$45,983,375 statewide	$ 45,983,375
2.	Impose an Excise Tax on Rental Cars designated for Corridor/Right of Way preservation	2.5%	July 1, 2006	$ 1,000,000 estimate	$ 1,000,000
3.	Eliminate or replace the Ethanol exemption		July 1, 2006	$ 825,000	$ 825,000
4.	Local Jurisdictions assess Impact Fees to be shared by all transportation jurisdictions (state and local)		July 1, 2006	$34,000,000	$ 34,000,000
5.	Index fuel taxes and registrations to the National Construction Cost Index (NCCI)	Approx. equal to 3% per year	July 1, 2006	$ 9,193,215 per year to maintain purchasing power	$ 55,159,290 to maintain purchasing power
6.	Increase ALL fuel taxes	3¢	2006	$25,211,629	
		3¢	2007	($25,463,745)	
	Normal Growth: 1% (assumed)	2¢	2008	($17,145,588)	
		2¢	2009	($17,317,043)	
		2¢	2010	($17,490,213)	$102,628,218
7.	Increase ALL registrations	10%	2006	$ 8,894,060	
		10%	2007	($ 9,017,412)	
	Normal Growth: 2% (assumed)	9%	2008	($ 8,164,747)	
		8%	2009	($ 7,693,006)	
		8%	2010	($ 7,846,866)	$ 41,616,091
8.	Increase title and driver's license fees	10%	2006	$ 650,408	
		10%	2007	($ 663,416)	
	Normal Growth: 2% (assumed)	9%	2008	($ 597,075)	
		8%	2009	($ 562,577)	
		8%	2010	($ 573,828)	$ 3,042,304
	Total			$125,756,000	$284,253,000

Scenario II illustrates a "5-year phased-in" revenue generation. The scenario assumes that indexing would begin immediately. Fuel consumption, registrations, and driver licenses would continue to grow.

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SCENARIO 2

In the first year:

- Local option sales tax in the amount of 0.25% will be available for public transportation.
- Rental car tax will be in the amount of 2.5% and distributed to the Highway Distribution Account.
- The ethanol tax exemption will be eliminated/replaced or funding equal to the exemption will be distributed to the Highway Distribution Account.
- Impact fees will be collected by the jurisdiction of origin and shared by all transportation jurisdictions (state and local) that are impacted by the development.
- All fuel tax and registration fees will be indexed to the National Construction Cost Index (NCCI).

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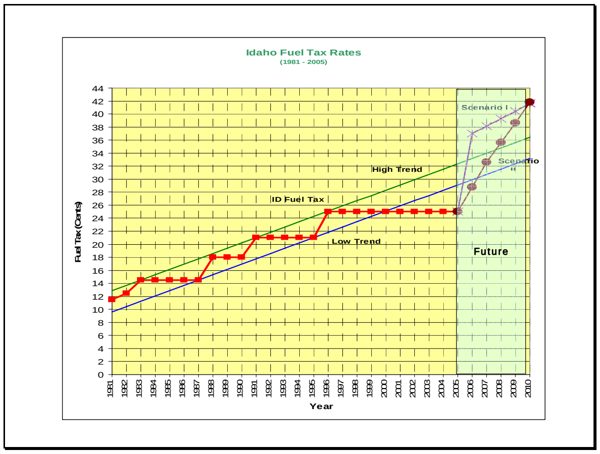

The totals for both scenarios meet the predicted shortfall. Dwight then went on to illustrate how the two scenarios would compare to Idaho Fuel Tax Rates. The chart showed that at the end of both scenarios, fuel tax would be approximately 42¢ per gallon.